

Message Text

UNCLASSIFIED

PAGE 01 KUWAIT 05208 131406Z
ACTION NEA-10

INFO OCT-01 EA-12 ISO-00 EB-08 OPIC-06 TRSE-00 FEA-01
INT-05 OMB-01 CIAE-00 INR-07 NSAE-00 L-03 /054 W
-----075688 132032Z /73

R 131302Z SEP 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 8986
INFO USDOC WASHDC
AMEMBASSY ABU DHABI
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY MANAMA
AMEMBASSY SEOUL
AMEMBASSY TOKYO

UNCLAS KUWAIT 5208

E.O. 11652: N/A

TAGS:

SUBJECT: PROPOSAL FOR JOINT VENTURES BETWEEN US AND SOUTH KOREAN
FIRMS IN MIDDLE EAST CONSTRUCTION FIELD

1. SUMMARY: HEAD OF SOUTH KOREAN TRADE MISSION IN
KUWAIT SUGGESTS POSSIBILITY OF JOINT VENTURES BETWEEN
SOUTH KOREAN AND U.S.FIRMS TO CAPTURE GREATER SHARE OF
MIDDLE EAST CONSTRUCTION MARKET WITH PARTICULAR REFERENCE
TO THOSE PROJECTS REQUIRING HIGHER TECHNOLOGICAL
EXPERTISE, SUCH AS IN POWER GENERATION, PETROCHEMICAL,
AND EVEN IN NUCLEAR FIELDS. COMMENTS BY EMBASSY SEOUL ON
THIS PROPOSAL MIGHT PROVIDE USEFUL MATERIAL WHICH USDOC
COULD USE IN ENCOURAGING US FIRMS TO COMPETE FOR IMPORTANT
CONSTRUCTION BUSINESS IN LUCRATIVE MIDDLE EAST MARKET. END
SUMMARY.

2. DURING SEPTEMBER 12 CALL ON ME, AMBASSADOR JAE WON
ROH, HEAD OF SOUTH KOREAN TRADE MISSION IN KUWAIT,
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 KUWAIT 05208 131406Z

EXPRESSED SOUTH KOREAN INTEREST IN PROMOTING JOINT
VENTURES BETWEEN US AND SOUTH KOREAN CONSTRUCTION
FIRMS. HE REMARKED ON THE CONSIDERABLE SUCCESS OF THE
SOUTH KOREANS IN OBTAINING CONSTRUCTION CONTRACTS IN THE
MIDDLE EAST, BUT NOTED THAT MOST OF THESE PROJECTS
GENERALLY INVOLVED CONSTRUCTION OF PORTS AND ROADS
AND HOUSING AND BUILDING COMPLEXES. THERE WAS

SOUTH KOREAN INTEREST IN EXPANDING THE FIELD OF THEIR CONSTRUCTION POSSIBILITIES INTO MORE HIGHLY TECHNICAL INDUSTRIAL COMPLEXES. HE NOTED THAT THE LOWER COST OF SOUTH KOREAN LABOR AND ITS EFFICIENT PERFORMANCE HAD ENABLED SOUTH KOREAN FIRMS TO UNDERBID FOREIGN COMPETITORS IN MANY PROJECTS. AMBASSADOR ROH SAID THAT SOUTH KOREAN FIRMS WERE NOW INTERESTED IN MOVING INTO PROJECTS REQUIRING A HIGH TECHNOLOGICAL EXPERTISE, SUCH AS POWER GENERATION, PETROCHEMICAL, AND EVEN NUCLEAR INDUSTRIAL COMPLEXES. HOWEVER, THE SOUTH KOREANS RECOGNIZED THE TECHNICAL LIMITATIONS TO THEIR ENTERING INTO THESE CONSTRUCTION FIELDS, THEY, THEREFORE, WISH TO JOIN WITH QUALIFIED U.S. FIRMS WHICH COULD PROVIDE THE CONSULTING, ENGINEERING, AND ALSO THE SPECIALIZED EQUIPMENT REQUIRED FOR SUCH PROJECTS WHILE THE SOUTH KOREANS COULD SUPPLY THE TECHNICAL CONSTRUCTION PERSONNEL. THEY FELT THAT THIS COMBINATION WOULD ENABLE JOINT US/SOUTH KOREAN VENTURES TO BID SUCCESSFULLY ON IMPORTANT PROJECTS IN THOSE FIELDS IN THE MIDDLE EAST.

3. ROH SAID HE HAD NUMEROUS EXPRESSIONS OF SUCH INTEREST ON THE PART OF SOUTH KOREAN CONTRACTORS WHO WERE CONCERNED THAT U.S. FIRMS ASSUMED THEY WERE MORE INCLINED TO FORM JOINT VENTURES WITH THE JAPANESE RATHER THAN AMERICANS. IN FACT, ACCORDING TO ROH, THE SOUTH KOREANS PREFERRED TO WORK WITH AMERICANS WHOM THEY FOUND TO BE LESS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 KUWAIT 05208 131406Z

DIFFICULT AND RIGID PARTNERS THAN THE JAPANESE. SOUTH KOREAN COMPANIES WERE PREPARED TO BECOME JOINT PARTNERS OR EVEN TO TAKE ON RESPONSIBILITIES AS PRIME CONTRACTORS WITH AMERICAN FIRMS ACTING AS SUBCONTRACTORS.

4. COMMENT: I BELIEVE IT IS POSSIBLY TRUE THAT U.S. FIRMS ENGAGED IN PROJECTS REQUIRING HIGHER TECHNOLOGICAL EXPERTISE ARE ENCOUNTERING INCREASING DIFFICULTIES IN OBTAINING CONTRACTS BECAUSE OF THE PROBLEM OF PROVIDING TECHNICIANS AND SKILLED LABOR NECESSARY TO HANDLE CONSTRUCTION OF SUCH ADVANCED INDUSTRIAL COMPLEXES. IN RECENT DISCUSSION WITH THE PRESIDENT OF A LARGE U.S. CONSTRUCTION FIRM WHICH HAS A SUBSIDIARY OPERATING IN KUWAIT, HE ADMITTED THE POSSIBILITY OF JOINT VENTURE WITH AN EXPERIENCED SOUTH KOREAN CONSTRUCTION FIRM HAD NEVER OCCURRED TO HIM. I WONDER IF THERE ARE OTHER U.S. FIRMS WHICH MIGHT NOT BE IN A BETTER POSITION TO BID SUCCESSFULLY FOR IMPORTANT CONSTRUCTION PROJECTS IN THE MIDDLE EAST IF THEY JOINED WITH SOUTH KOREANS.

5. COMMENTS OF EMBASSY SEOUL ON THIS MATTER, IF POSITIVE, MIGHT HELP PROVIDE MATERIAL WHICH USDOC COULD

PUBLICIZE TO ENCOURAGE U.S. FIRMS TO EXAMINE THIS
POSSIBILITY IN ORDER TO DEVELOP MORE BUSINESS IN
LUCRATIVE MIDDLE EAST MARKETS.
MAESTRONE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, JOINT VENTURES, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KUWAIT05208
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770332-0034
Format: TEL
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770970/aaaachjq.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: af440548-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1297853
Secure: OPEN
Status: NATIVE
Subject: PROPOSAL FOR JOINT VENTURES BETWEEN US AND SOUTH KOREAN FIRMS IN MIDDLE EAST CONSTRUCTION FIELD
TAGS: EINV, ECRE, US, SK, XF
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/af440548-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009